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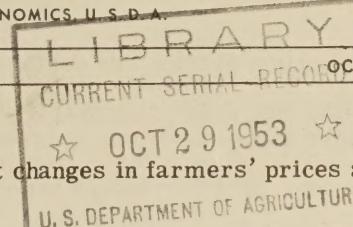
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Large supplies, strong consumer demand and no great changes in farmers' prices and income are in prospect for 1954.

Supplies of farm products will continue heavy in 1954. This year's crops, part of which will be sold in 1954, total a near record. The wheat, corn and cotton crops exceed probable use and stocks continue to mount. Little can be said now about crop production next year. However, acreage restrictions on wheat and cotton may result in a smaller total crop output unless weather is unusually favorable.

Marketings of cattle, milk and eggs in 1954 are not likely to differ much from this year's high levels. Hog production will be lower than a year earlier in the first half of 1954 but may increase in the second half.

Consumer demand for food in 1954 is likely to stay close to the 1953 level. The outlook points to some easing in economic activity and perhaps some increase in unemployment. However, wage rates in some industries will be up from 1953 and the income tax reductions scheduled for next January 1 will help hold up take home pay. Consumers probably will have about as many dollars to spend as this year.

The total decline in economic activity is expected to be small. However, some easing in business activity next year is expected because of the likelihood of small reductions in government spending, business investment and home building. Consumer purchases of automobiles may also be down from 1953.

The Federal Government will spend a little less for both defense and nondefense items. This could be offset by a further rise in spending by State and local governments.

Businessmen probably will pay out less for new plants and equipment in 1954 than the record amount of this year. Many expansion programs related to defense have been completed and the productive capacity of basic industries has been built up considerably. However, business has large funds available for investment and many industries will continue to modernize and expand next year.

Number of new homes built in 1954 probably will be moderately below this year.

Demand for U. S. farm products from abroad shows little sign of weakening further next year. Outlook indicates improved demand for cotton, food fats and oils and perhaps tobacco. Wheat exports may be down a little.

With demand, foreign and domestic, close to 1953 levels, prices received by farmers in 1954 may average near this year's level. Price support operations will help prevent further pressure of supplies on farmers' prices. But cash receipts are not likely to be up to the 1953 level, partly because of smaller sales of wheat and cotton.

The cost-price squeeze on farmers tightened considerably in late 1952 and early 1953 but has changed little in recent months. In first 9 months of this year prices farmers paid for production goods, interest, taxes and wage rates was down $4\frac{1}{2}\%$ from same period of 1952 while prices received were down 11%. Prices for factory made goods farmers buy, interest, taxes and wages were generally as high or higher than a year earlier. Feeder livestock prices paid by farmers were off sharply. Feed also was down.

Some further easing in prices of production items is expected in 1954. Cost-price squeeze is not expected to tighten significantly.

Prospects for small declines in both gross income and farm production costs indicate that net income realized by farm operators in 1954 is likely to be fairly close to 1953.

LIVESTOCK AND MEAT: Record slaughter of cattle and calves this year has ended the 4-year expansion in cattle production. Slaughter next year will continue high but is not likely to be big enough to reduce cattle numbers unless widespread drought occurs.

Fewer fed cattle will be marketed in the first half of 1954 than in the same period this year. Supplies of grass cattle next year probably will be about as large as in 1953. Consumer demand for beef is expected to continue strong, and prices probably will be more stable than in either 1952 or 1953.

Hog production probably is beginning to increase this fall. Next spring's pig crop is likely to be 5 to 10% larger than last spring's crop. Larger production will show up in increased marketings about the middle of 1954 and prices next fall may decline more than usual. Until then, slaughter will stay low and prices relatively high.

Moderately lower output of lamb and mutton and not much change in prices is expected for 1954.

POULTRY AND EGGS: Egg production next spring is likely to be up a little from last spring. About the same number of layers will be on farms and the rate of lay per hen probably will be a little higher. Prices are likely to be below last spring's level, though still relatively high. With egg production expected to be profitable, more chickens probably will be raised for flock replacement in 1954 than this year.

Broiler production in 1954 probably will show about the same rate of increase as in 1953. Prices averaging close to this year's level are in prospect.

DAIRY PRODUCTS: Milk output next year is likely to be close to the 118 billion pounds in prospect for this year. In addition, manufactured products equivalent to more than 8 billion pounds of milk will be carried over from 1953, about twice the average stock. Use of milk probably will be around the 115 billion pound figure of recent years. The large supplies in prospect indicate that farmers' prices for milk and butterfat in 1954 will depend largely on the level of price support in the marketing year which begins April 1.

FEEDS: The 172 million tons of feed concentrates in prospect for 1953-54 are a little above last year and 6% above the 1946-50 average. The supply per animal unit is only a little below the record level of 1948-50.

Feed prices are generally below a year earlier. In contrast to the decline during 1952-53, however, some strengthening in prices is likely later in the season.

This year's feed grain production is again likely to exceed use. The carryover at the beginning of 1954-55 is likely to be at about record levels. This would assure an average supply of concentrates for 1954-55, even if feed grain output dropped as much as 10% below average.

FATS AND OILS: Domestic use and exports of food fats and oils in 1953-54 probably will exceed production and some reduction in stocks is likely. Output this year is down considerably from last year but record stocks bring total supplies to a new high. Supplies of most nonfood fats will be more than adequate for all needs.

WHEAT: Wheat supplies for the current marketing year are estimated at 1,727 million bushels, 8% above the previous peak of 1942-43. About 775 million bushels are expected to be on hand when the marketing year ends next July 1, by far the largest carryover on record.

The national acreage allotment for the 1954 wheat crop is 62 million acres, 16.6 million less than the acreage planted for the 1953 crop. Unless yields are unusually high, production probably will be reduced enough to prevent a further increase in stocks.

FRUIT: Average weather in 1954 probably would result in a moderately larger deciduous fruit crop than in 1953, with most of the gain in grapes. Some increase in citrus production also is probable. Little change in demand expected.

WOOL: The large slaughter of sheep and lambs this year indicates that wool output in 1954 will fall below 1953. Not much change in demand is expected and prices to farmers for the 1954 clip probably will average around this year's level, which was close to the support price.

TOBACCO: Continued high cigarette production is expected to keep demand for flue-cured, Burley and Maryland tobaccos strong in 1954. Exports of unmanufactured tobacco in the 1952-53 marketing year probably will be about the same as, or a little larger than, in 1952-53.

COTTON: The marketing quota of 10 million bales proclaimed for the 1954 cotton crop is more than a third less than production in 1953. Acreage allotments total about 18 million acres compared with 24.6 million acres in cultivation on July 1, 1953. Quotas will not go into effect unless they are approved by two-thirds of the growers voting in referenda December 15.

Cotton supply for 1953-54 totals 21 million bales. Consumption in the U. S. is estimated at 9 to 9½ million bales while exports are expected to be about 3.3 million. In 1952-53, 9.5 million bales were consumed in the U. S. and 3 million were exported. Supply-disappearance estimates indicate carryover next July 1 will be around 8.4 million bales, a postwar high.

POTATOES: Because of depressed prices this year, some reduction in potato acreage is likely in 1954. However, yield per acre probably will be higher if weather is average.